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STATISTICAL BULLETIN

Highlights

- LABOR MARKET STILL SHOWS SOME SIGNS OF STRENGTH
- CONSUMER SPENDING POWER MODERATING
- CONSUMER SPENDING STILL STRONG
- NEW ORDERS PICKING UP
- EXPORTS NOW FALLING
- INDUSTRIAL OUTPUT AND CAPACITY UTILIZATION ARE DECLINING
- ON THE INFLATION WATCH: PRESSURE DAMPENED AT THE MOMENT
- OUTLOOK • U.S. ECONOMIC GROWTH HAS SLOWED TO ONLY ABOUT A 1% RATE IN THE FOURTH QUARTER OF 1989, BUT THE PACE MAY STRENGTHEN TO ABOUT 1.5% IN THE FIRST HALF OF NEXT YEAR.

Volume 22, No.12, December, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The consensus of the **Economic Forecasts** is that economic growth will be higher in the first quarter of the new decade than in the last quarter of the old decade. For one thing, another Hurricane Hugo is unlikely to strike in early 1990 and another strong earthquake is unlikely to hit California so soon. Perhaps more importantly, the slowing pace of U.S. business activity relieves upward pressure on domestic prices and throws the big market economies out of sync. That, in turn, may set the stage for lower interest rates, and perhaps even a slight devaluing of the dollar. Thus strong growth abroad, and improving terms of trade, may boost export growth.

In addition, consumer spending and attitudes remain convincingly strong. In fact, the housing market in particular appears to be strengthening at the moment and will benefit further if interest rates do fall. Another significant factor at the moment is the lack of any inventory overhang. Any pickup in demand, then, will lead to production growth.

DOMESTIC MARKET MONITOR

Labor market signals reflect continued softening, with some surprises. But it is no surprise that manufacturing employment declines through November are the most pronounced sign of labor weakness. Historically, that is the sector most affected by changes in the economic environment. Job growth in the service sector, conversely, has not slowed and construction employment has risen slightly.

Hours worked and average hourly pay in private industry also declined in November. The latter reflects a softer labor market, which is no longer driving up the labor costs. But curiously, labor-force participation continues to rise. That more people are starting to look for work suggests a measure of confidence in near-term prospects.

The outlook is for continued labor market softening through mid-1990, but no recession. The Conference Board's **Help-wanted Index** was fairly steady over the last four months; but, early returns to the November survey show a sizable decline. Nevertheless, the consensus of the **Economic Forecasts** is that the unemployment rate, up a notch to 5.4% in November from 5.3% in October, may rise to about 5.7% by mid-1990. By then, the economy should be growing fast enough to allow unemployment to slowly decline, perhaps returning to 5.3% by the fourth quarter of 1991.

INCOME: Slowing job growth, declining hours worked, and moderating hourly pay, will all result in a slower pace of income growth. But that would only mean a change from quite robust to more moderate income growth. Wages in commodity-producing industry were 1.9% higher in October than three months earlier; wages in the "other industry' category were 2.2% higher. Even taking into account some slowing in those rates, income growth appears to be sufficient to allow consumer spending to rise at a moderate pace—a crucial factor in a no-recession scenario for 1990.

Nonwage income growth is already modest, largely because of the continued decline in rental income. Interest income and dividends are rising at about the same pace as wage income, although a drop in interest rates would diminish that somewhat.

Consumer credit demand shows no sign of letup. To be sure, auto loans have risen and fallen—of late more falling—in line with the trend in car sales. But nonauto borrowing through October was actually stronger than it was a year ago. Moreover, a growing share of consumer borrowing is not tied to fixed-rate borrowing—like credit card usage. Thus, there is some rise in interest-rate sensitivity at a time when rates might very well come down.

Despite some softening, consumer attitudes remain remarkably upbeat. The Conference Board's **Consumer Confidence Index** fell to 114.3 (1985 = 100) in November, from 117 in October. The **Expectations Component,** which measures appraisal of job and pay prospects over the next six months, was at 102.9 in November, compared with 106.4 in October. This represents the second drop in the last four months. Still, consumer attitudes remain close to their respective year-ago levels—seemingly validating the positive picture suggested by continued consumer borrowing and by the sizable rise in new jobsearchers.

SPENDING: Rising consumer buying remains the backbone of the ongoing expansion. Retail sales of durable goods, except cars were 1.6% higher in October than three months earlier. With confidence still high, and income still rising, spending does not appear poised for a downturn, and neither, therefore, does the economy in general.

Sluggish car buying remains the exception. New domestic **Automobile Sales** averaged 6.8 million units, seasonally adjusted annual rate, in November, not much better than the 6.6 million rate in September. In fact, the disappointing sales pace is resulting in scheduled production declines and layoffs. Nor is there much chance, even with an interest rate decline, of car buying to strengthen significantly.

CONSTRUCTION: The housing market is no longer slumping. New, single-family home sales and starts were unchanged in October. The rise in construction jobs in November, however, does suggest that some increase in homebuilding occurred. Mortgage rates are inching lower

Ken Goldstein, Editor

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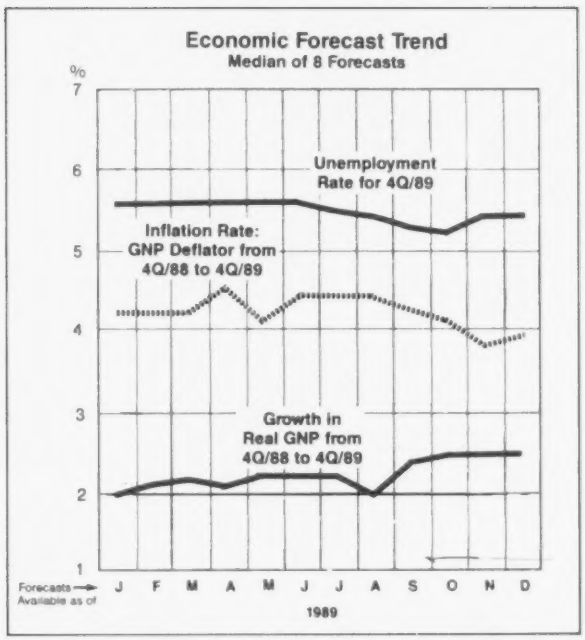


but the median price of a new home is not. That rise in home prices may prove to be the biggest impediment to a housing-market recovery. Still, the housing-market slump appears to have run its course.

Those added workers may be engaged in nonresidential construction activity. Office, commercial, and industrial building were higher in October than three months earlier. Pouring new cement is not usually viewed as a sign of impending recession.

PRODUCTION: Output is declining, and production schedules are being trimmed as exports and business investment, but not consumer spending, soften. Output of consumer durable goods was 2% lower in October than three months earlier. Output of business equipment was 1.5% lower while defense- and space-related materiel declined by 3.2 percent. Overall, industrial production was only 0.4% higher. Given the decline in jobs and hours worked in manufacturing in November, industrial production probably edged lower again.

Declining production has eased the strain on capacity. The overall capacity utilization rate has been declining since April, when it was at 84.2 percent. It was down to 82.8% in October. This easing of the strain on capacity is one indication that inflation pressures are not building and a big reason why the financial markets expect lower interest rates.

The ongoing decline in production probably will not steepen. New orders for durable goods, except transportation equipment, were only 0.2% higher in October than in August. But that slight rise in orders, together with curtailed production, resulted in a 1.5% rise in the ratio of unfilled orders to shipments over the last two months. Unless orders start to fall sharply, then, production to fill new or unfilled orders will keep output from declining sharply.

INVENTORY: Recent cuts in production have also limited unintended inventory buildup. Total inventory, except cars at the retail level, was 1.1% higher in September than three months earlier. But that merely kept pace with the rise in sales. The Inventory-to-Sales ratio, then, was essentially unchanged. The decline in production in October, and probably in November, may have resulted in some inventory cut.

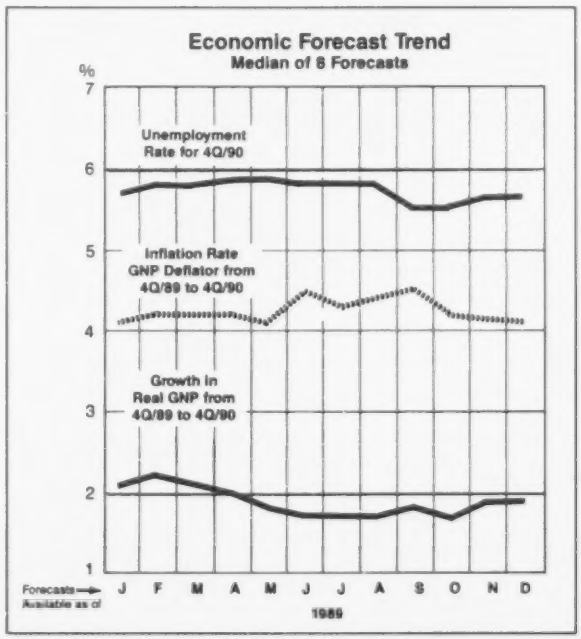
INFLATION: The consensus of the **Economic Forecasts** is that the CPI will rise at about a 4 1/2% annual rate in the first half of 1990. In other words, the outlook is not for escalating inflation. Hourly pay rates are rising slowly, suggesting that labor-cost increases are not quickening. Raw industrial-material prices fell in November for the second month. And wholesale prices for crude materials, except food and energy, rose by 0.3% in October and September.

INTERNATIONAL MONITOR

Imports of manufactured goods mirror the overall domestic economy: Some rise in consumer goods but elsewhere declines. Despite a 6% rise in consumer goods, total imports of manufactured goods were 4.3% lower in September than three months earlier. Specifically, the sizable decline in raw industrial material mirrors the overall cut in domestic industrial production.

One puzzle is why have exports declined. Total exports of manufactured goods were 2.4% lower in September than three months earlier. But the **Leading Economic Indicators** of some of the U.S. trading partners are rising (see the **Selected International Comparison** chart). Specifically, total exports to Canada and Japan have been declining in recent months. But those trends may prove short-lived —indeed, exports to Canada rose in September.

Ken Goldstein
December 11, 1989

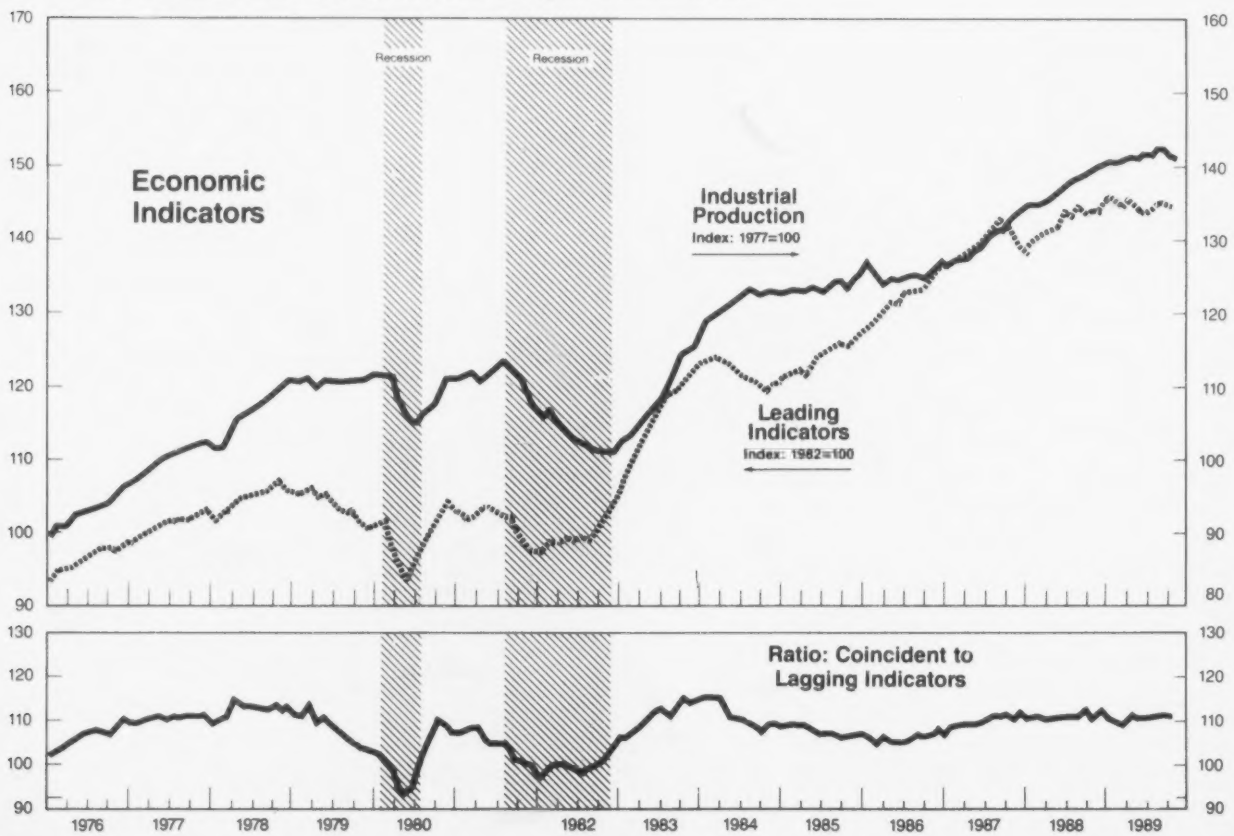


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Oct.		X		0.4%	0.4%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Oct.			X	- 6.1%	7.9%
New orders, nondefense capital goods (deflated)	Sep.			X	- 5.6%	3.8%
New business formation	Sep.			X	- 2.6%	- 1.3%
*Housing permits	Oct.	X			5.8%	-11.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Oct.	X			6.0%	0.0%
*Change in unfilled orders, mfg.	Oct.			X	-58.1%	-56.1%
Purchasing manager's buying policy	Nov.	X			4.4%	9.3%
*Vendor performance, reported slower deliveries	Oct.			X	- 9.0%	-21.8%
Industrial raw materials prices	Oct.		X		0.1%	7.2%
*Change in sensitive material prices	Oct.			X	- %	-270.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Oct.	X			1.3%	0.1%
Change in business loans	Sep.			X	-168.2%	-17.9%
*Consumer expectations	Nov.		X		5.0%	- 2.3%
Change in consumer installment debt	Sep.			X	-77.7%	-67.9%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	- 9.7%	- 9.6%
*Common stock prices	Oct.	X			4.7%	25.2%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.			X	- 0.3hr	- 0.5hr
*Initial unemployment claims (inverted)	Oct.			X	- 5.6%	-23.1%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators,* (Washington. D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Oct.	1989 Jul.	Aug.	Sep.	Oct.(e)
Principal Diffusion Index	60.3	55.7	55.6r	53.0r	51.9
Auxillary Diffusion Index	60.7	53.8	49.7r	41.8r	46.1
Industrial Group	60.7	51.3	52.4r	48.8r	46.3
Nonindustrial Group	59.9	60.0	58.7	57.3r	57.4
Sense of Diffusion	1	1	1	0	0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	65.4	59.4	60.3	55.6r	46.2
Labor	60.9	45.0	43.8r	42.7r	43.6
Miscellaneous	53.2	55.1	62.2	53.8r	53.2
Nonindustrial Subgroups					
Prices	44.2	58.3	57.7	56.4	55.1
Consumer	68.4	60.3	66.2	66.7	66.7
Building	56.1	53.2	45.5	45.5	45.5
Miscellaneous	64.5	65.4	60.7	56.4r	57.7

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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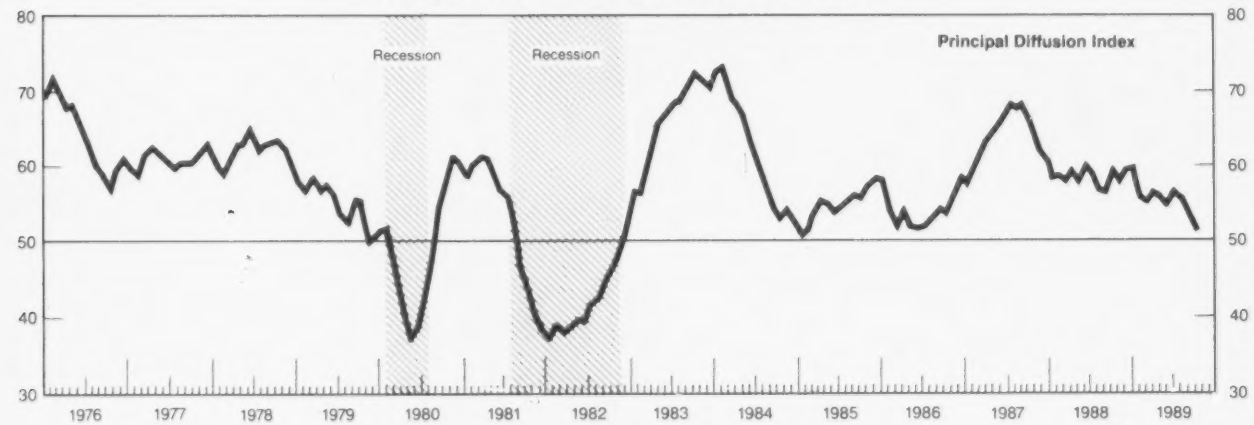
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986	*1987*				*1988*				*1989*		
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*
	Score (scale 0-100)											
Measure of Business Confidence	51	55	55	59	47	51	58	56	51	48	48	49
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	50	56	55	62	50	49	64	65	54	52	48	47
2. Expectations for Economy, Six Months Ahead	51	54	53	56	43	50	54	51	48	43	47	48
3. Expectations for Own Industry, Six Months Ahead	53	56	56	58	48	54	55	53	51	48	50	51

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[1] Capital Markets		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Oct., 1989*		*Nov., 1989*		*Nov., 1989*		*Nov., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**III**			**$5278.9**	**6.1%**	**$5278.9**	**6.1%**	**$5278.9**	**6.1%**
Forecast	1989	IV	$5362.2	6.9%	5342.6	4.9	5333.8	4.2	5353.0	5.7
	1990	I	5421.6	4.5	5415.8	5.6	5401.9	5.2	5427.7	5.7
		II	5508.7	6.6	5506.4	6.9	5470.3	5.2	5523.9	7.3
		III	5606.6	7.3	5599.4	6.9	5553.8	6.2	5607.2	6.2
		IV	5705.1	7.2	5692.5	6.8	5643.2	6.6	5704.7	7.1
	1991	I	5808.1	7.4	5792.6	7.2	5738.6	6.9	5799.0	6.8
		II	5908.7	7.1			5841.6	7.4	5895.9	6.9
		III	6010.4	7.1			5948.3	7.5	5966.2	4.9
		IV	6112.3	7.0			6058.7	7.6		
	1989	Annual	5237.5	7.3	5234.1	7.2	5231.9	7.2	5236.7	7.3
	1990	Annual	5560.5	6.2	5553.5	6.1	5517.3	5.5	5565.9	6.3
	1991	Annual	5959.9	7.2			5896.8	6.9		
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**III**			**$4160.2**	**2.7%**	**$4160.2**	**2.7%**	**$4160.2**	**2.7%**
Forecast	1989	IV	$4177.0	1.8%	4171.0	1.0	4167.0	0.7	4175.3	1.5
	1990	I	4168.9	-0.8	4181.5	1.0	4181.0	1.4	4186.2	1.0
		II	4190.9	2.1	4205.1	2.3	4195.0	1.3	4220.7	3.3
		III	4226.9	3.5	4231.4	2.5	4217.0	2.1	4242.5	2.1
		IV	4261.4	3.3	4256.5	2.4	4243.0	2.5	4267.9	2.4
	1991	I	4282.2	2.0	4283.1	2.5	4273.0	2.9	4287.8	1.9
		II	4313.3	2.9			4308.0	3.3	4312.4	2.3
		III	4339.2	2.4			4345.0	3.5	4313.1	0.1
		IV	4365.8	2.5			4384.0	3.6		
	1989	Annual	4143.6	3.0	4142.6	2.9	4141.6	3.0	4143.7	2.8
	1990	Annual	4212.0	1.7	4218.6	1.8	4209.0	2.1	4229.3	0.9
	1991	Annual	4325.1	2.7			4327.5	2.8		
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**III**			**126.9**	**3.3%**	**126.9**	**3.3**	**126.9**	**3.3%**
Forecast	1989	IV	128.4	5.0%	128.1	3.8	128.0	3.5%	128.2	4.2
	1990	I	130.0	5.3	129.5	4.5	129.2	3.8	129.7	4.6
		II	131.4	4.4	130.9	4.5	130.4	3.8	130.9	3.8
		III	132.6	3.7	132.3	4.3	131.7	4.0	132.2	4.0
		IV	133.9	3.8	133.7	4.3	133.0	4.0	133.7	4.6
	1991	I	135.6	5.3	135.2	4.6	134.3	4.0	135.2	4.8
		II	137.0	4.1			135.6	3.9	136.7	4.4
		III	138.5	4.5			136.9	3.9	138.3	4.8
		IV	140.0	4.4			138.2	3.9		
	1989	Annual	126.4	4.2	126.3	4.2	126.3	4.2	126.4	4.2
	1990	Annual	132.0	4.4	131.6	4.2	131.1	3.8	131.6	4.1
	1991	Annual	137.8	4.4			136.2	3.9		
Unemployment Rate										
Actual	**1989**	**III**		**5.2%**		**5.2%**		**5.2%**		**5.2%**
Forecast	1989	IV		5.3		5.4		5.4		5.3
	1990	I		5.6		5.5		5.6		5.4
		II		5.8		5.6		5.7		5.4
		III		5.8		5.5		5.8		5.5
		IV		5.7		5.5		5.8		5.5
	1991	I		5.6		5.5		5.7		5.5
		II		5.5				5.6		5.5
		III		5.4				5.5		5.6
		IV		5.3				5.3		
	1989	Annual		5.2		5.3		5.3		5.2
	1990	Annual		5.7		5.5		5.7		5.5
	1991	Annual		5.5				5.5		

Notes: Percentage changes represent compound annual rates of change from perceding period. Quarterly data are seasonally adjusted.

[1]Based on revised third quarter data.

[2]Based on preliminary third quarter data.

ECONOMIC FORECASTS (continued)

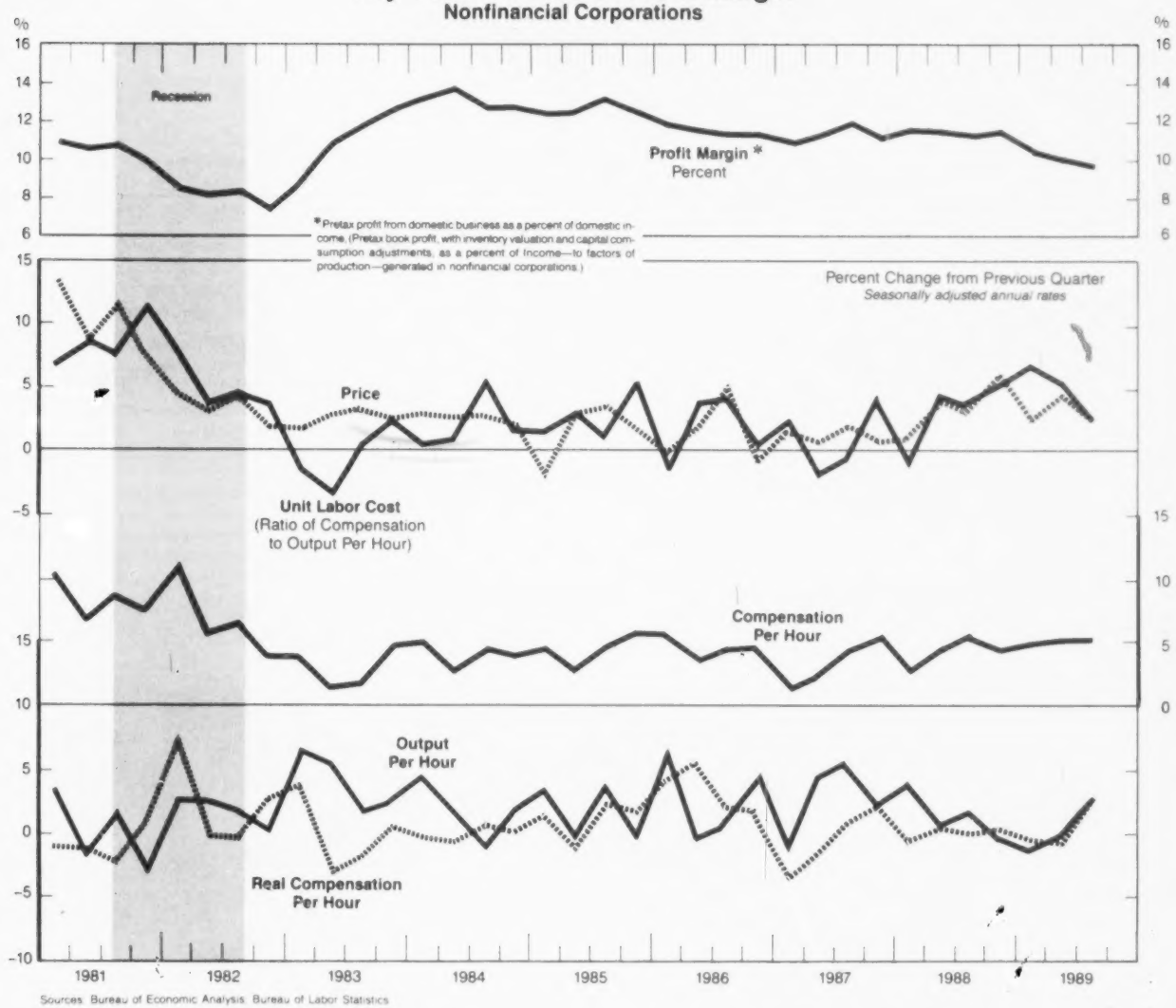
The Conference Board[2]		Laurence H. Meyer[1] Associates, Inc.		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Oct., 1989		Nov., 1989		Nov., 1989		Nov., 1989		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
		$5278.9	**6.1%**	**$5278.9**	**6.1%**	**$5278.9**	**6.1%**	**III**	**1989**	**Actual**
$5323.0	3.8%	5345.2	5.1	5329.1	3.9	5346.6	5.2	IV	1989	Forecast
5353.0	2.3	5422.0	5.9	5396.3	5.1	5437.2	7.0	I	1990	
5415.0	4.7	5501.9	6.0	5475.1	6.0	5523.6	6.5	II		
5500.0	6.4	5577.5	5.6	5549.1	5.5	5606.5	6.1	III		
5591.0	6.8	5651.4	5.4	5633.5	6.2	5695.8	6.5	IV		
		5742.5	6.6	5737.0	7.6	5797.8	7.4	I	1991	
		5838.5	6.9	5835.9	7.1	5891.6	6.6	II		
		5932.4	6.6	5933.0	6.8	5997.8	7.4	III		
		6020.5	6.1	6027.8	6.5	6101.0	7.1	IV		
5227.8	7.1	5234.7	7.3	5230.7	7.2	5235.1	7.3	Annual	1989	
5464.8	4.5	5538.2	5.8	5513.5	5.4	5565.8	6.3	Annual	1990	
		5883.5	6.2	5883.4	6.7	5947.1	6.9	Annual	1991	
								Gross National Product Billions of Constant (1982) Dollars		
		$4160.2	**2.7%**	**$4160.2**	**2.7%**	**$4160.2**	**2.7%**	**III**	**1989**	**Actual**
$4158.6	0.0%	4170.9	1.0	4167.1	0.7	4171.3	1.1	IV	1989	Forecast
4146.1	-1.2	4185.6	1.4	4182.3	1.5	4190.0	1.8	I	1990	
4159.0	1.3	4206.5	2.0	4200.0	1.7	4212.7	2.2	II		
4182.7	2.3	4225.1	1.8	4216.7	1.6	4238.4	2.5	III		
4210.1	2.6	4242.7	1.7	4243.4	2.6	4266.0	2.6	IV		
		4267.8	1.7	4278.2	2.6	4290.7	2.6	I	1991	
		4297.9	2.4	4309.3	3.3	4315.8	2.3	II		
		4326.1	2.9	4337.4	2.9	4346.2	2.4	III		
		4349.8	2.7	4362.0	2.6	4375.5	2.9	IV		
4139.0	2.8	4142.6	2.9	4141.7	2.9	4142.7	2.9	Annual	1989	
4174.5	0.9	4215.0	1.7	4210.6	1.7	4226.8	2.0	Annual	1990	
		4310.4	2.3	4321.7	2.6	4332.1	2.5	Annual	1991	
								Gross National Product deflator Index, 1982 = 100		
		126.9	**3.3%**	**126.9**	**3.3%**	**126.9**	**3.3%**	**III**	**1989**	**Actual**
128.0	3.8%	128.2	4.0	127.9	3.2	128.2	4.1	IV	1989	Forecast
129.1	3.5	129.5	4.4	129.0	3.6	129.8	5.1	I	1990	
130.2	3.4	130.8	3.9	130.4	4.2	131.1	4.2	II		
131.5	4.0	132.0	3.8	131.6	3.9	132.3	3.6	III		
132.8	4.0	133.2	3.7	132.8	3.6	133.5	3.8	IV		
		134.6	4.1	134.1	4.1	135.1	4.9	I	1991	
		135.8	3.9	135.4	4.0	136.5	4.2	II		
		137.1	3.8	136.8	4.1	138.0	4.4	III		
		138.4	3.8	138.2	4.2	139.4	4.2	IV		
126.3	4.1	126.4	4.2	126.3	4.1	126.4	4.2	Annual	1989	
130.9	3.6	131.4	4.0	130.9	3.7	131.7	4.2	Annual	1990	
		136.5	3.9	136.1	4.0	137.3	4.3	Annual	1991	
								Unemployment Rate		
	5.2%		**5.2%**		**5.2%**		**5.2%**	**III**	**1989**	**Actual**
	5.5		5.4		5.4		5.4	IV	1989	Forecast
	5.8		5.5		5.4		5.6	I	1990	
	5.9		5.6		5.4		5.8	II		
	5.8		5.6		5.5		5.8	III		
	5.6		5.7		5.5		5.7	IV		
			5.7		5.5		5.7	I	1991	
			5.7		5.4		5.7	II		
			5.6		5.4		5.6	III		
			5.5		5.3		5.5	IV		
	5.3		5.3		5.3		5.3	Annual	1989	
	5.8		5.6		5.5		5.7	Annual	1990	
			5.6		5.4		5.6	Annual	1991	

CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

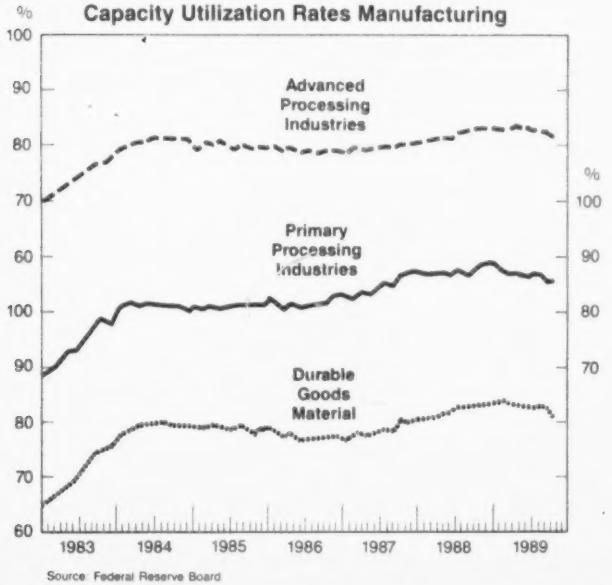
Key Determinants of Profit Margin

Nonfinancial Corporations



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics

Capacity Utilization Rates Manufacturing



Source: Federal Reserve Board

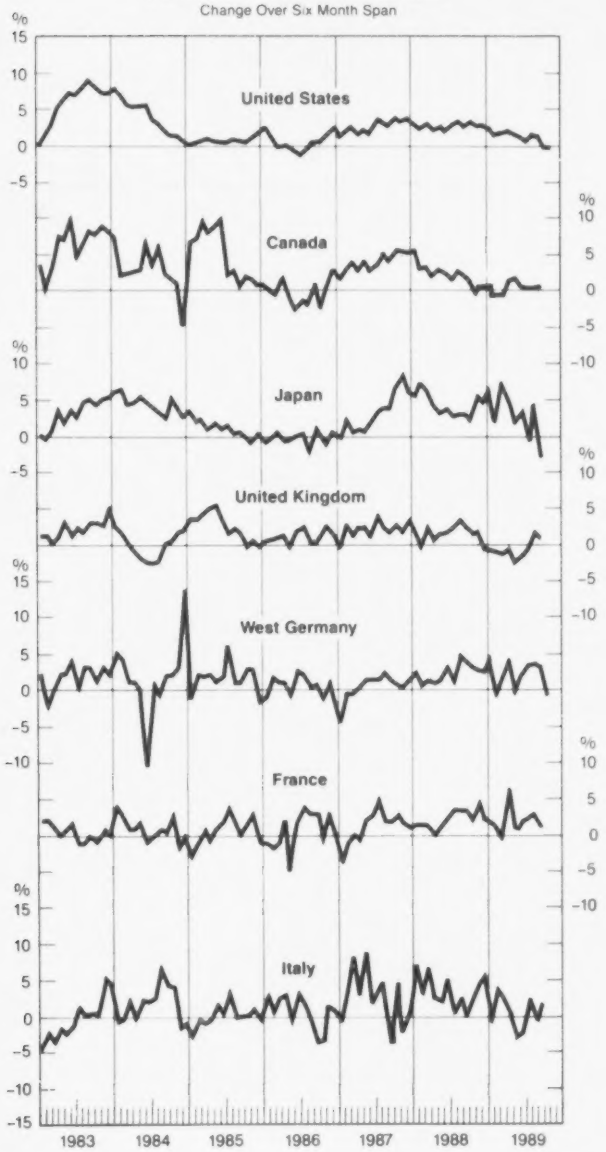
Inventory-Sales Ratios

Source: Bureau of Economic Analysis

Selected International Comparisons

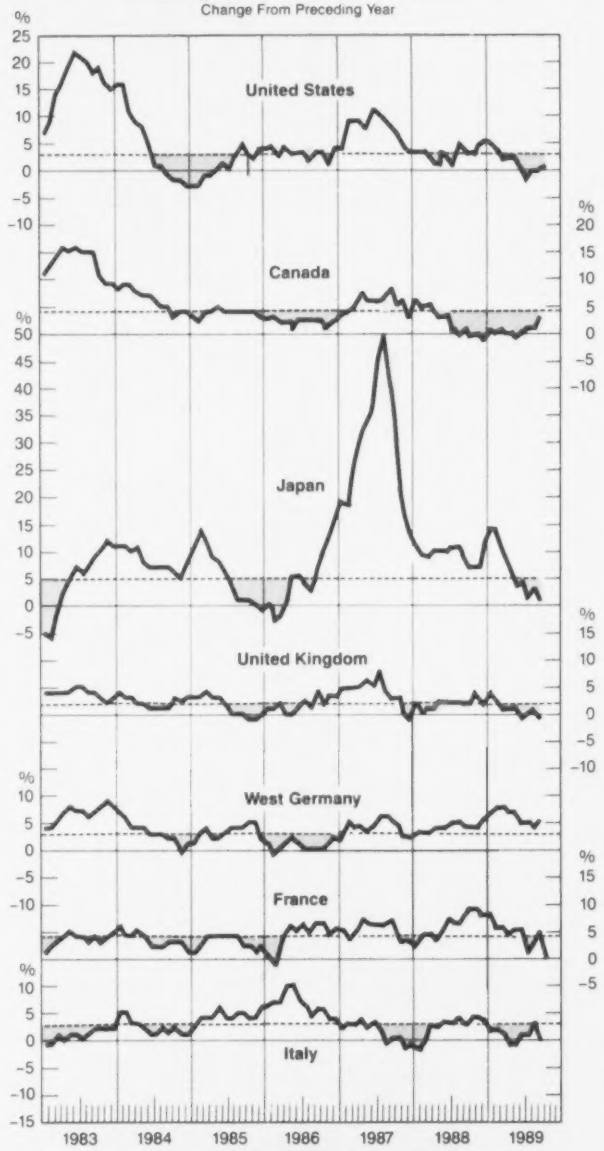
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

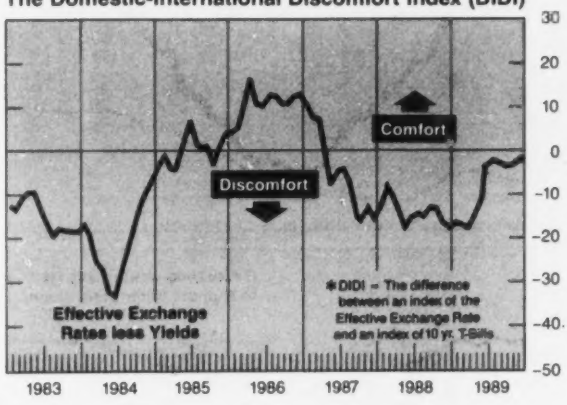
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

Sources: Morgan Guaranty Trust Company; Department of Treasury; *The Sommers Letter*.

The Domestic-International Discomfort Index (DIDI)*



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

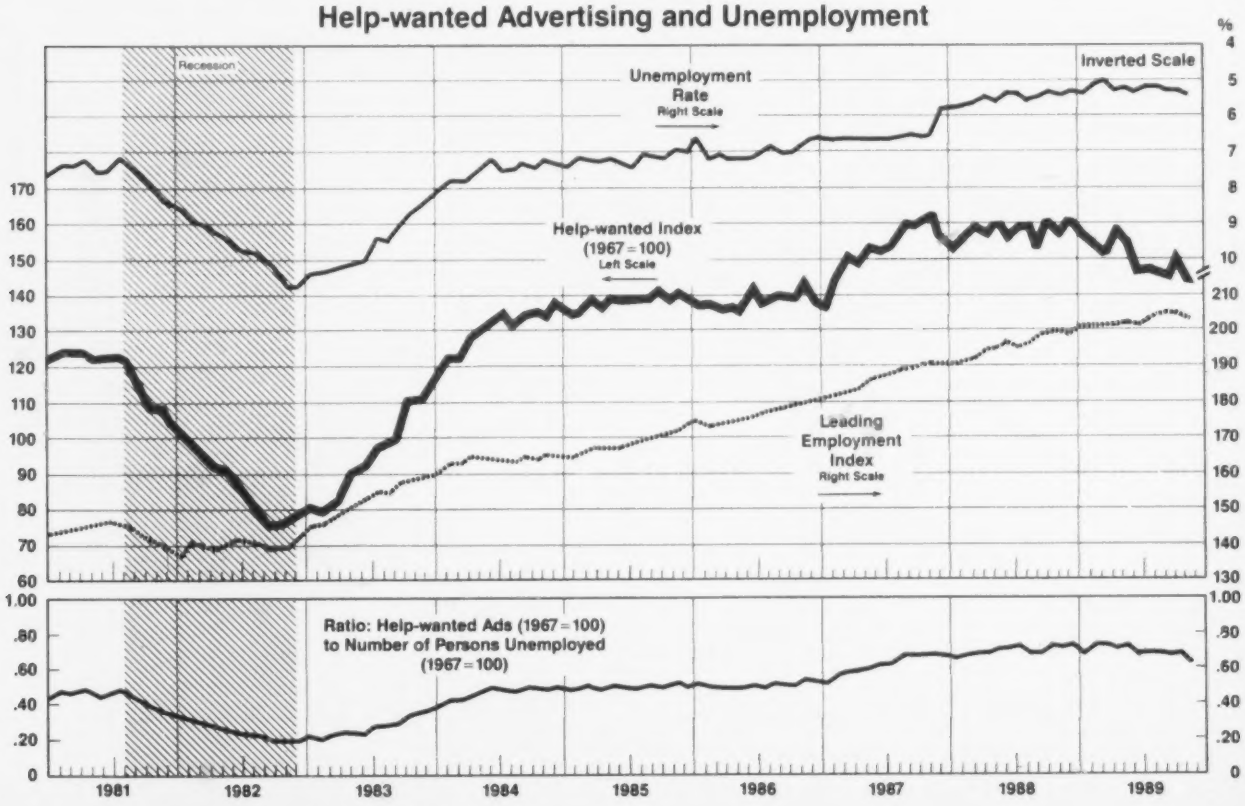
Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 Oct.	1989 Sep.	1989 Aug.	1988 Oct.
National Index	150	148r	147	161
New England	96	99	100	141
Boston	95	94	97	136
Hartford	98	106	104	151
Providence	97	110	109	151
Middle Atlantic	75	73	74	88
Albany	171	173	184	219
Allentown	313	345	330	376
New York	48	47	48	58
Philadelphia	67	58	62	79
Pittsburgh	99	97	98	101
Rochester	87	94	85	112
Syracuse	161	155	151	172
East North Central	103	98	99	110
Chicago	99	98	99	110
Cincinnati	152	160	150	175
Cleveland	75	70	74	80
Columbus	167	164	174	179
Dayton	92	87	87	98
Detroit	58	52	54	65
Gary	240	230	221	207
Indianapolis	140	135	137	132
Milwaukee	102	73	74	95
Toledo	125	120	126	144
West North Central	102	93	98	105
Kansas City	131	120	129	132
Minneapolis	87	79	88	96
Omaha	194	185	171	180
St. Louis	74	67	69	78
South Atlantic	175	175	174	220
Atlanta	220	218	218	267
Baltimore	167	166	159	273

Locality	1989 Oct.	1989 Sept.	1989 Aug.	1988 Oct.
Charlotte	217	184	191	212
Jacksonville	211	213	212	225
Miami	154	154	158	177
Richmond	145	141	143	154
Washington, D.C.	156	162	160	192
East South Central	175	188r	182r	192
Birmingham	174	195r	189r	195
Knoxville	321	336	333	337
Louisville	N.A.	N.A.	N.A.	104
Memphis	148	143	140	155
Nashville	229	249	236	250
West South Central	199	213	181	181
Dallas	148	146	145	147
Houston	298	358	269	262
New Orleans	144	140	130	129
Oklahoma City	128	123	120	124
San Antonio	169	153	136	157
Tulsa	185	169	169	156
Mountain	332	309	316	319
Denver	220	213	217	225
Phoenix	396	381	375	406
Salt Lake City	457	395	425	378
Pacific	273	265r	268	271
Los Angeles	177	164	174	178
Sacramento	570	556	525	524
San Bernardino	324	327	327	318
San Diego	675	643	678	674
San Francisco	265	269r	260	269
Seattle	298	305	292	284
Percentage of papers with rising volume	69	55r	35	82
Unemployment rate	5.3	5.3	5.2	5.3

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.6	116.7	117.2	120.4	115.4	116.3	117.0r	114.3p	

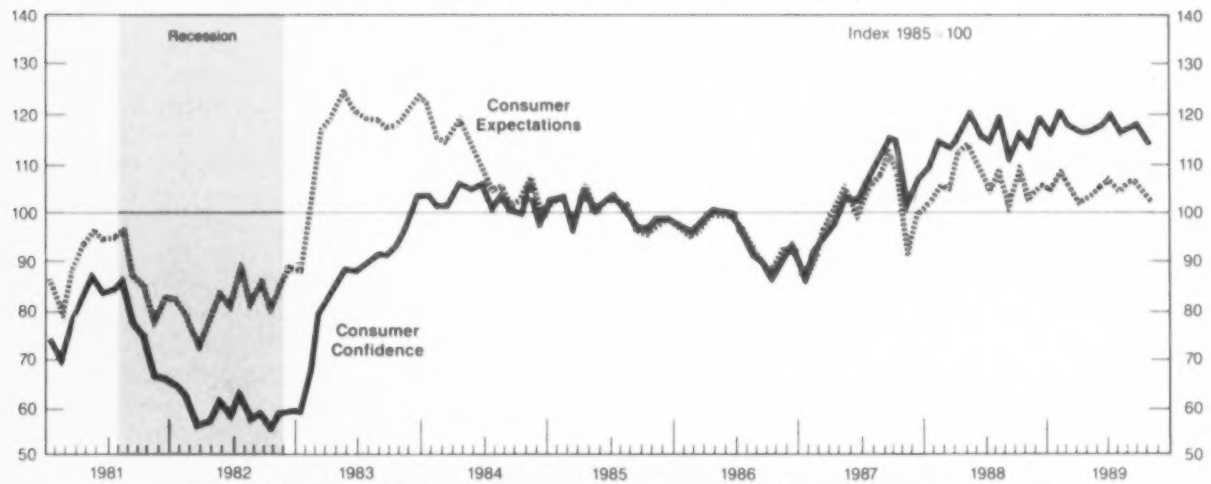
Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.7	106.1	106.4	102.9p	

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS

Billions of Dollars, Seasonally Adjusted

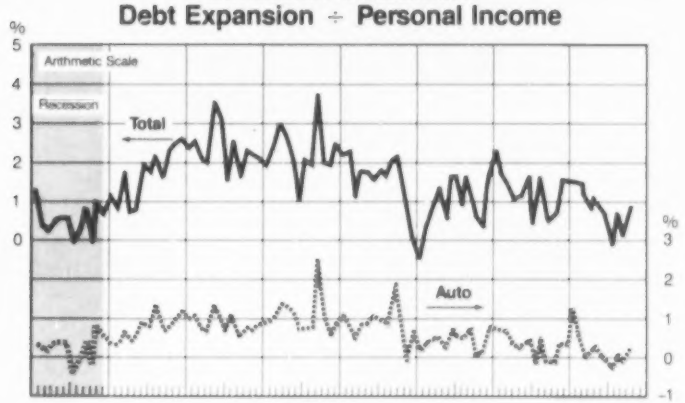
	1987			1988				Percent Change From Previous Year	
								Actual	Estimate
	III-87	IV-87	I-88	II-88	III-88	IV-88(r)	I-89(p)	1988	1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.561	35.909	30.846	40.686	40.384	45.279	50.009	39%	16%
Capital expenditures	27.381	29.820	29.412	31.718	36.037	35.281	35.331	33	18
Change in appropriations backlog*	-0.080	3.510	0.650	8.760	-4.110	8.630	14.340		
Durable Goods									
New appropriations	17.208	20.245	14.310	20.261	20.791	23.547	18.129	27	14
Capital expenditures	13.970	16.037	15.780	16.910	19.526	16.657	17.032	31	28
Change in appropriations backlog*	2.930	3.810	-1.600	3.670	-1.080	6.240	1.340		
Nondurable Goods									
New appropriations	12.353	15.664	16.536	20.425	19.593	21.732	31.880	52	17
Capital expenditures	13.411	13.783	13.632	14.808	16.511	18.624	18.299	35	12
Change in appropriations backlog*	-3.010	-0.300	2.250	5.090	-3.030	2.390	13.010		

Available on request: Historical data from 1953, and quarterly reports containing text and data for 17 separate manufacturing industries.

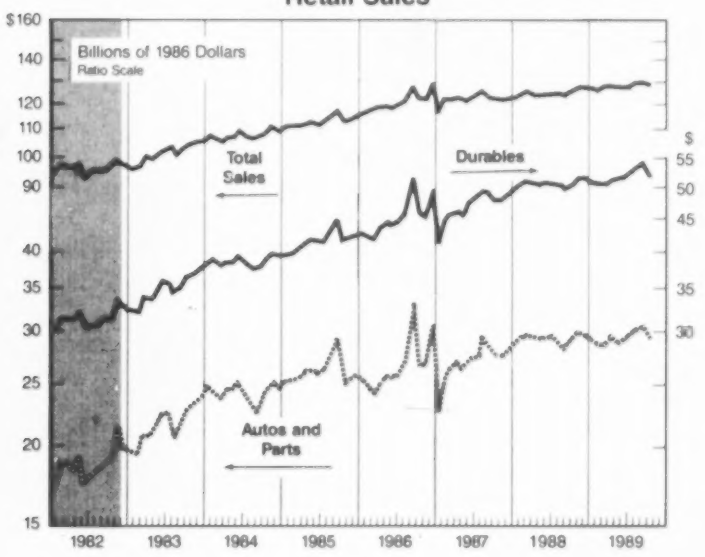
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments)

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



Sources: Bureau of Economic Analysis, Federal Reserve Board

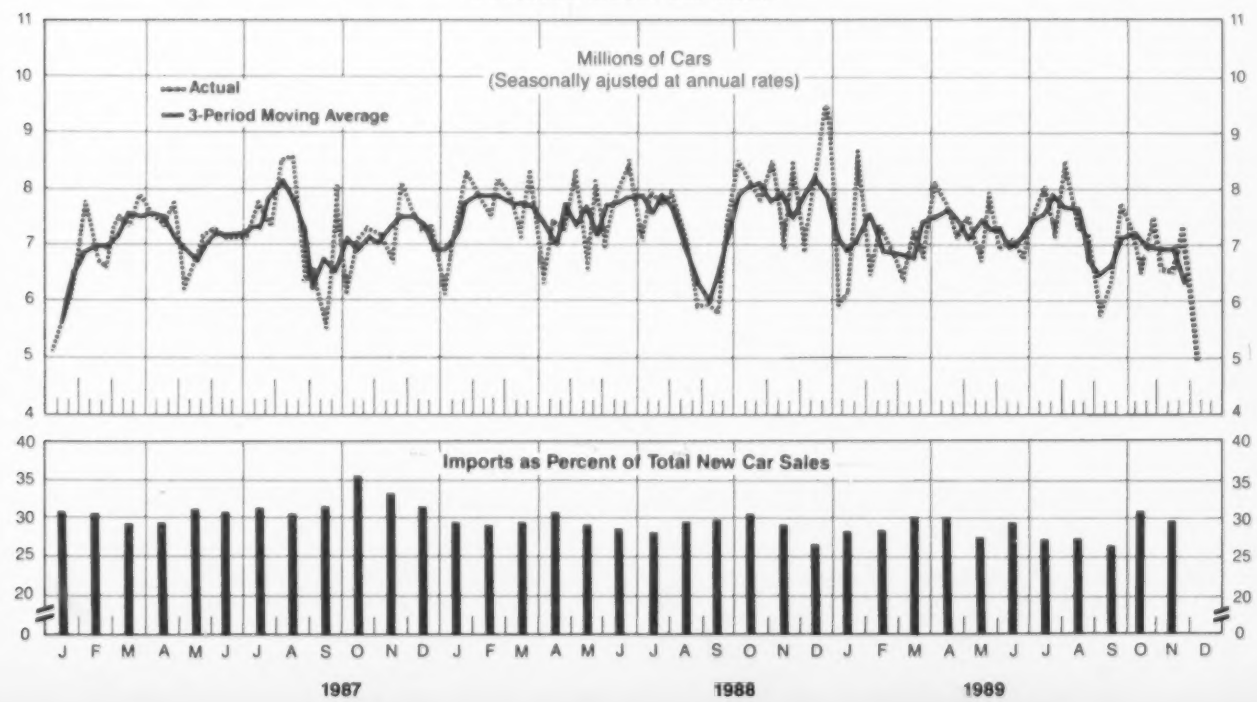
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	6.72
	21-31	7.33	7.19	8.12	7.99
June:	1-10	8.48	7.21	6.88	6.93
	11-20	8.04	7.13	8.00	7.09
	21-30	8.39	7.09	8.48	6.74
July:	1-10	8.10	7.10	7.02	7.56
	11-20	7.28	7.68	7.99	8.03
	21-31	7.97	7.29	7.69	7.10
August:	1-10	7.63	8.55	7.95	8.46
	11-20	7.34	8.60	7.01	7.33
	21-31	8.08	6.26	5.92	7.15
September:	1-10	14.00	6.74	5.93	5.71
	11-20	8.83	5.45	5.80	6.33
	21-30	8.62	8.03	7.40	7.76
October:	1-10	10.04	6.13	8.43	7.30
	11-20	7.67	7.10	8.08	6.48
	21-31	7.27	7.24	7.78	7.51
November:	1-10	7.96	7.15	8.55	6.51
	11-20	7.59	6.68	6.97	6.48
	21-30	7.89	8.09	8.46	7.33
December:	1-10	7.75	7.60	6.48	4.88
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally ajusted at annual rates)
Actual
3-Period Moving Average
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1987
1988
1989